

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name		County
Fiscal Year End	Opinion Date		Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES  
NO

**Check each applicable box below.** (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature <i>Hennrich A. Berthiaume</i>	Printed Name		License Number	

# **TITTABAWASSEE TOWNSHIP**

Saginaw County, Michigan

## **FINANCIAL STATEMENTS**

March 31, 2008

# TITTABAWASSEE TOWNSHIP

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## TABLE OF CONTENTS

	PAGE
<b>Independent Auditors' Report</b> .....	1
<b>Management's Discussion and Analysis</b> .....	3
<b>BASIC FINANCIAL STATEMENTS:</b>	
<b>Government-wide Financial Statements:</b>	
Statement of Net Assets.....	10
Statement of Activities.....	11
<b>Fund Financial Statements:</b>	
<b><i>Governmental Funds:</i></b>	
Balance Sheet .....	12
Reconciliation of Fund Balances of Governmental Funds to Net Assets of Governmental Activities .....	13
Statement of Revenues, Expenditures and Changes in Fund Balances .....	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	15
<b><i>Proprietary Funds:</i></b>	
Statement of Net Assets.....	16
Statement of Revenues, Expenses and Changes in Net Assets.....	18
Statement of Cash Flows.....	20
<b><i>Fiduciary Funds:</i></b>	
Statement of Net Assets.....	22
Statement of Changes in Net Assets .....	23
<b>Notes to Financial Statements</b> .....	25
<b>REQUIRED SUPPLEMENTAL INFORMATION:</b>	
Budgetary Comparison Schedule – General Fund.....	39
Budgetary Comparison Schedule – Police Fund.....	40
Budgetary Comparison Schedule – Refuse Collection Fund.....	41
<b>OTHER SUPPLEMENTAL INFORMATION:</b>	
<b><i>General Fund:</i></b>	
Detailed Schedule of Revenues.....	43
Detailed Schedule of Expenditures.....	44
<b><i>Nonmajor Governmental Funds:</i></b>	
Combining Balance Sheet.....	48
Combining Statement of Revenues, Expenditures, and Changes in Fund.....	49
<b><i>Component Unit:</i></b>	
Balance Sheet.....	50
Statement of Revenues, Expenditures, and Change in Fund Balance.....	52
<b><i>Fiduciary Funds:</i></b>	
Combining Statement of Changes in Assets and Liabilities.....	54
<b><i>Schedules of Indebtedness</i></b> .....	56



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## INDEPENDENT AUDITORS' REPORT

To the Township Board  
Tittabawassee Township, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Tittabawassee Township as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Tittabawassee Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Tittabawassee Township, as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison schedules, as identified in the table of contents, are not required parts of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tittabawassee Township's basic financial statements. The accompanying other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Berthiaume & Co.*

Saginaw, Michigan  
August 21, 2008

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

# **TITTABAWASSEE TOWNSHIP**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of Tittabawassee Township (the "Township"), we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

### **Financial Highlights**

The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$21,196,655 (net assets). Of this amount, \$6,250,947 (unrestricted net assets) may be used to meet the Township's ongoing obligations to citizens and others.

During the fiscal year, the Township's total net assets increased by \$1,105,250. Governmental activities accounted for \$194,217 of this increase, while business-type activities accounted for \$911,033.

At the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$3,112,067, an increase of \$430,236 in comparison with prior year. Approximately one (1) percent of this total or \$35,084 is reserved for various purposes. The remaining fund balance of \$3,076,983 is unreserved and undesignated.

At the end of the current fiscal year, unreserved fund balance for the General Fund was \$1,170,169, which exceeds the General Fund's annual expenditures.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplemental information and other supplemental information in addition to the basic financial statements themselves.

### **Government-wide Financial Statements**

The government-wide statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned but unused vacation leave).

The government-wide financial statements can be found on pages 10 through 11 of this report.

# TITTABAWASSEE TOWNSHIP

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state or local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental Funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus on governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains eight (8) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Police Fund and Refuse Collection Fund, which are considered to be major funds. Data from the other five (5) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Township adopts an annual budget for each of its governmental funds. A budgetary comparison statement has been provided for the General Fund, Police Fund, and Refuse Collection Fund, the Township's major funds, to demonstrate compliance with that budget.

**Proprietary Funds** – The Township maintains one type of proprietary fund. Enterprise Funds are used to report the same functions as business-type activities in the government-wide financial statements. The Township uses Enterprise Funds to account for sewage collection and water distribution.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer and Water Funds, which are considered to be major funds of the Township.

The basic proprietary fund financial statements can be found on pages 16 through 21 of this report.

**Fiduciary Funds** – Fiduciary funds are used to account for the resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

# TITTABAWASSEE TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Other Information** – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the Township.

### Government-wide Financial Analysis

#### Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For all activities of the Township, assets exceeded liabilities by \$21,196,655 at the close of the most recent fiscal year. Most of this amount (70 percent) reflects the investment in capital assets (e.g., land, buildings, vehicles, equipment, sewer and water systems) less any related debt used to acquire those assets that are still outstanding. The Township uses these capital assets to provide services to its citizens; thus, these assets are not available for future spending. Although the Township's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Township's net assets (1 percent) represents resources that are subject to external restrictions on how they are to be used. The remaining balance of unrestricted net assets (29 percent) may be used to meet the government's ongoing obligations to citizens and others.

#### Tittabawassee Township's Net Assets

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
<b>Assets:</b>						
Other assets	\$ 3,279,647	\$ 3,028,004	\$ 3,407,654	\$ 2,981,816	\$ 6,687,301	\$ 6,009,820
Capital assets	<u>3,283,208</u>	<u>3,352,630</u>	<u>12,239,360</u>	<u>11,817,139</u>	<u>15,522,568</u>	<u>15,169,769</u>
Total assets	<u>6,562,855</u>	<u>6,380,634</u>	<u>15,647,014</u>	<u>14,798,955</u>	<u>22,209,869</u>	<u>21,179,589</u>
<b>Liabilities:</b>						
Other liabilities	144,960	133,792	115,416	106,616	260,376	240,408
Long-term liabilities	<u>455,829</u>	<u>478,993</u>	<u>297,009</u>	<u>368,783</u>	<u>752,838</u>	<u>847,776</u>
Total liabilities	<u>600,789</u>	<u>612,785</u>	<u>412,425</u>	<u>475,399</u>	<u>1,013,214</u>	<u>1,088,184</u>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	2,909,848	2,934,095	11,979,360	11,477,139	14,889,208	14,411,234
Restricted	-	-	56,500	224,909	56,500	224,909
Unrestricted	<u>3,052,218</u>	<u>2,833,754</u>	<u>3,198,729</u>	<u>2,621,508</u>	<u>6,250,947</u>	<u>5,455,262</u>
Total net assets	<u>\$ 5,962,066</u>	<u>\$ 5,767,849</u>	<u>\$15,234,589</u>	<u>\$14,323,556</u>	<u>\$21,196,655</u>	<u>\$20,091,405</u>

#### Statement of Activities

During the current fiscal year, the government's total net assets increased by \$1,105,250. Governmental activities accounted for \$194,217 of this increase, while business-type activities accounted for \$911,033.



# TITTABAWASSEE TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Tittabawassee Township's Change in Net Assets

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 664,827	\$ 644,775	\$ 2,303,598	\$ 2,199,090	\$ 2,968,425	\$ 2,843,865
Operating grants	20,132	26,381	19,854	-	39,986	26,381
Capital grants	-	13,721	955,900	-	955,900	13,721
General revenues						
Property taxes	1,016,971	1,020,090	-	-	1,016,971	1,020,090
Franchise fees	35,489	-	-	-	35,489	-
State revenue sharing	445,483	521,756	-	-	445,483	521,756
Investment earnings	59,605	70,291	78,382	63,064	137,987	133,355
Miscellaneous	62,659	41,341	-	3,924	62,659	45,265
Total revenues	<u>2,305,166</u>	<u>2,338,355</u>	<u>3,357,734</u>	<u>2,266,078</u>	<u>5,662,900</u>	<u>4,604,433</u>
<b>Program Expenses:</b>						
General government	618,422	689,592	-	-	618,422	689,592
Public safety	825,658	821,667	-	-	825,658	821,667
Public works	435,377	559,363	-	-	435,377	559,363
Community and economic development	27,228	81,095	-	-	27,228	81,095
Recreation and culture	192,546	120,660	-	-	192,546	120,660
Interest on long-term debt	16,768	15,295	-	-	16,768	15,295
Sewer	-	-	1,124,585	950,850	1,124,585	950,850
Water	-	-	1,322,116	1,355,569	1,322,116	1,355,569
Total program expenses	<u>2,115,999</u>	<u>2,287,672</u>	<u>2,446,701</u>	<u>2,306,419</u>	<u>4,562,700</u>	<u>4,594,091</u>
Increase in net assets before other items	<u>189,167</u>	<u>50,683</u>	<u>911,033</u>	<u>(40,341)</u>	<u>1,100,200</u>	<u>10,342</u>
<b>Other items:</b>						
Sale of capital assets - gains	<u>5,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,050</u>	<u>-</u>
<b>Change in net assets</b>	<u>194,217</u>	<u>50,683</u>	<u>911,033</u>	<u>(40,341)</u>	<u>1,105,250</u>	<u>10,342</u>
Net assets, beginning, restated	<u>5,767,849</u>	<u>5,717,166</u>	<u>14,323,556</u>	<u>14,363,897</u>	<u>20,091,405</u>	<u>20,081,063</u>
Net assets, ending	<u>\$ 5,962,066</u>	<u>\$ 5,767,849</u>	<u>\$ 15,234,589</u>	<u>\$ 14,323,556</u>	<u>\$ 21,196,655</u>	<u>\$ 20,091,405</u>

### Governmental Activities

There were no significant capital improvement projects in this fiscal year. Expenditures were \$171,673 less than the previous year's budget, which accounts for the majority of the increase in net assets.

# **TITTABAWASSEE TOWNSHIP**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Business Type Activities**

The enterprise funds are responsible for the maintenance, improvement and operation of the wastewater collection and the water distribution systems. Proper upkeep of these systems requires continued capital investments in equipment, water lines, sewer mains and the lagoon.

The Sewer Fund's South Sanitary Sewer Project was a significant investment in this fiscal year. A new tractor was also purchased with funds from both enterprise funds. These capital improvement projects have also been completed without adding any new long-term debt, which contributes to the increase in net assets for the year.

The enterprise funds also acquired contributed capital assets with a value of \$955,900 through the development of property within the Township.

### **Township Funds Financial Analysis**

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as show accountability for certain activities. The Township's major governmental funds are the General Fund, Police Fund, and Refuse Collection Fund. Additionally, the Township reports the Sewer and Water funds as major proprietary funds.

The General Fund accounts for functions relating to the general government activities of the Township, which are financed by property tax levies, distribution of State revenues, and fees charged for various municipal activities and services. This fund had an increased fund balance of \$227,873.

The Police Fund is financed by the police millage and one-half (1/2) of the public safety millage. This fund had an increased fund balance of \$24,185.

The Refuse Collection Fund accounts for the assessment to taxpayers for rubbish removal. This fund had an increased fund balance of \$38,026.

The Sewer Fund covers the operations of the Township's sewage treatment plant and the maintenance and construction of the sewer distribution system.

The Water Fund finances the operations of the water treatment plant and the entire transmission and distribution system.

### **General Fund Budgetary Highlights**

Over the course of the year, the Township Board and Township administration monitor and amend the budget to account for unanticipated events during the year. Amendments during the year were relatively minor.

# **TITTABAWASSEE TOWNSHIP**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Capital Assets and Debt Administration**

**Capital Assets** – At March 31, 2008, the Township has \$15,522,568 invested in capital assets. This investment in capital assets includes land, buildings and improvements, vehicles, equipment, and sewer and water systems. Governmental activities book value of capital assets was \$3,283,208 and business-type activities book value was \$12,239,360.

**Debt** – At the end of the current fiscal year, the Township had total debt outstanding of \$633,360 (not including the component unit). Debt reported in these financial statements is related to the construction and acquisition of the above-mentioned capital assets and is reported as a liability in the statement of net assets.

### **Economic Factors**

Tittabawassee Township has been fortunate to be geographically located in the center of Saginaw, Midland and Bay City. As a result, residential growth over the past ten years has been steady. The Township's taxable value has grown 5% in 2003, 6.5% in 2004, 6.6% in 2005, 4.5% in 2006, and 4.4% in 2007. The increases each year are almost solely from new single family homes being built in subdivisions as well as on countryside lots. The Township's population has increased more than 14% from 2000 to 2007 and has remained in a growth pattern in spite of a sluggish economy throughout Michigan.

Future business development within the Township looks promising due to Dow Corning Corporation's expansion of Hemlock Semiconductor Corporation's facility in Thomas Township. Tittabawassee Township benefits from this investment because of its proximity to this business. As the workforce grows, it enables the Township the opportunity to attract new residents. The Township's location on a primary state highway also makes it an attractive option for new businesses related to alternative energy development.

The Township is not immune to the effect of the economic trends in this State, though. Our budget is affected by the rising costs of energy, petroleum products and the goods needed to provide services. Therefore, the Township's resources will continue to be carefully managed to meet the needs of the residents and businesses it serves.

### **Contacting the Township's Financial Management**

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. If you have questions about this report or need additional financial information, contact 145 S. Second Street, Freeland, MI 48623.

## ***BASIC FINANCIAL STATEMENTS***

# TITTABAWASSEE TOWNSHIP

## STATEMENT OF NET ASSETS

March 31, 2008

	<i>Primary Government</i>			<i>Component</i>
	<i>Governmental</i>	<i>Business-type</i>		<i>Unit</i>
	<i>Activities</i>	<i>Activities</i>	<i>Total</i>	
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,697,481	\$ 2,427,008	\$ 4,124,489	\$ 120,889
Receivables	1,546,806	881,603	2,428,409	422,204
Internal balances	276	(276)	-	-
Inventory	-	26,015	26,015	-
Prepaid expenses	35,084	9,224	44,308	-
Restricted cash and cash equivalents	-	56,500	56,500	-
Capital assets:				
Nondepreciable capital assets	294,025	1,145,043	1,439,068	9,492
Depreciable capital assets, net	2,989,183	11,094,317	14,083,500	1,260,136
Other assets	-	7,580	7,580	-
Total assets	<u>6,562,855</u>	<u>15,647,014</u>	<u>22,209,869</u>	<u>1,812,721</u>
<b>Liabilities:</b>				
Accounts payable and accrued expenses	144,960	115,416	260,376	66,140
Long-term liabilities:				
Due within one year	42,835	80,000	122,835	75,000
Due in more than one year	<u>412,994</u>	<u>217,009</u>	<u>630,003</u>	<u>1,601,825</u>
Total liabilities	<u>600,789</u>	<u>412,425</u>	<u>1,013,214</u>	<u>1,742,965</u>
<b>Net assets:</b>				
Invested in capital assets, net of related debt	2,909,848	11,979,360	14,889,208	269,628
Restricted for:				
Bond reserve	-	56,500	56,500	-
Unrestricted	<u>3,052,218</u>	<u>3,198,729</u>	<u>6,250,947</u>	<u>(199,872)</u>
Total net assets	<u>\$ 5,962,066</u>	<u>\$ 15,234,589</u>	<u>\$ 21,196,655</u>	<u>\$ 69,756</u>

The accompanying notes are an integral part of these financial statements.

# TITTABAWASSEE TOWNSHIP

## STATEMENT OF ACTIVITIES

Year Ended March 31, 2008

		<i>Program Revenues</i>			<i>Net (Expense) Revenue</i>
		<i>Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Capital Grants and Contributions</i>	
<b>Functions/Programs</b>	<u><i>Expenses</i></u>				
<b>PRIMARY GOVERNMENT:</b>					
<i>Governmental activities:</i>					
General government	\$ 618,422	\$ 193,581	\$ -	\$ -	\$ (424,841)
Public safety	825,658	104,033	6,222	-	(715,403)
Public works	435,377	336,918	11,441	-	(87,018)
Community and economic development	27,228	5,565	-	-	(21,663)
Recreation and culture	192,546	24,730	2,469	-	(165,347)
Interest on long-term debt	16,768	-	-	-	(16,768)
Total governmental activities	<u>2,115,999</u>	<u>664,827</u>	<u>20,132</u>	<u>-</u>	<u>(1,431,040)</u>
<i>Business-type activities:</i>					
Sewer	1,124,585	909,894	19,854	866,392	671,555
Water	1,322,116	1,393,704	-	89,508	161,096
Total business-type activities	<u>2,446,701</u>	<u>2,303,598</u>	<u>19,854</u>	<u>955,900</u>	<u>832,651</u>
Total primary government	<u>\$4,562,700</u>	<u>\$ 2,968,425</u>	<u>\$ 39,986</u>	<u>\$ 955,900</u>	<u>\$ (598,389)</u>
<b>COMPONENT UNIT:</b>					
Downtown development authority	<u>\$ 189,800</u>	<u>\$ 6,463</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (183,337)</u>

continued

*The accompanying notes are an integral part of these financial statements.*

	<i>Primary Government</i>			
	<i>Governmental</i>	<i>Business-</i>		<i>Component</i>
	<i>Activities</i>	<i>type</i>	<i>Total</i>	<i>Unit</i>
		<i>Activities</i>		
<i>Changes in net assets:</i>				
Net (Expense) Revenue	\$ (1,431,040)	\$ 832,651	\$ (598,389)	\$ (183,337)
General revenues:				
Taxes:				
Property taxes, levied for general purpose	287,390	-	287,390	-
Property taxes, levied for police	511,155	-	511,155	-
Property taxes, levied for public safety	217,061	-	217,061	-
Property taxes, captured by DDA	-	-	-	392,720
Payment in lieu of taxes	1,365	-	1,365	-
Franchise fees	35,489	-	35,489	-
Grants and contributions not restricted to specific programs	445,483	-	445,483	-
Unrestricted investment earnings	59,605	78,382	137,987	13,648
Miscellaneous	62,659	-	62,659	90
Special item - Gain on sale of capital asset	5,050	-	5,050	-
Total general revenues	1,625,257	78,382	1,703,639	406,458
Change in net assets	194,217	911,033	1,105,250	223,121
Net assets, beginning of year, restated	5,767,849	14,323,556	20,091,405	(153,365)
Net assets, end of year	\$ 5,962,066	\$ 15,234,589	\$ 21,196,655	\$ 69,756

# TITTABAWASSEE TOWNSHIP

## GOVERNMENTAL FUNDS

### BALANCE SHEET

March 31, 2008

	<i><b>General Fund</b></i>	<i><b>Police Fund</b></i>	<i><b>Refuse Collection Fund</b></i>	<i><b>Nonmajor Governmental Funds</b></i>	<i><b>Total Governmental Funds</b></i>
<b>Assets:</b>					
Cash and cash equivalents	\$ 784,054	\$ 234,801	\$ 286,336	\$ 392,290	\$ 1,697,481
Taxes receivable	22,541	34,513	25,467	6,055	88,576
Accounts receivable	8,327	845	561	3,009	12,742
Accounts receivable - tax account	329,388	586,981	319,158	102,664	1,338,191
Special assessments receivable	31,336	-	-	-	31,336
Due from other governmental units	75,961	-	-	-	75,961
Due from other funds	276	-	-	-	276
Prepaid expenditures	4,109	1,801	29,174	-	35,084
Total assets	<u>\$ 1,255,992</u>	<u>\$ 858,941</u>	<u>\$ 660,696</u>	<u>\$ 504,018</u>	<u>\$ 3,279,647</u>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 6,061	\$ 13,676	\$ 43,787	\$ 4,265	\$ 67,789
Accrued expenses	11,626	10,639	-	2,149	24,414
Due to component unit	31,291	7,100	-	-	38,391
Deposits payable	1,400	-	-	4,250	5,650
Deferred revenue	31,336	-	-	-	31,336
Total liabilities	<u>81,714</u>	<u>31,415</u>	<u>43,787</u>	<u>10,664</u>	<u>167,580</u>
<b>Fund balances:</b>					
Reserved for:					
Prepaid expenditures	4,109	1,801	29,174	-	35,084
Unreserved:					
General fund	1,170,169	-	-	-	1,170,169
Special revenue funds	-	825,725	587,735	251,794	1,665,254
Capital projects funds	-	-	-	241,560	241,560
Total fund balances	<u>1,174,278</u>	<u>827,526</u>	<u>616,909</u>	<u>493,354</u>	<u>3,112,067</u>
Total liabilities and fund balances	<u>\$ 1,255,992</u>	<u>\$ 858,941</u>	<u>\$ 660,696</u>	<u>\$ 504,018</u>	<u>\$ 3,279,647</u>

The accompanying notes are an integral part of these financial statements.



# TITTABAWASSEE TOWNSHIP

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## RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

March 31, 2008

**Total fund balances for governmental funds** \$ 3,112,067

Total net assets reported for governmental activities in the statement of  
of net assets is different because:

Capital assets used in governmental activities are not financial resources  
and therefore are not reported in the governmental funds.

Governmental capital assets	5,073,859	
Less accumulated depreciation	<u>(1,790,651)</u>	3,283,208

Certain liabilities are not due and payable in the current period and are not reported  
in the funds.

Accrued interest	(8,716)	
Compensated absences	<u>(82,469)</u>	(91,185)

Deferred revenues reported in the governmental funds are recognized as  
revenues for the governmental activities.

Special assessments		31,336
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Long-term liabilities applicable to governmental activities are not due and payable in the current year and therefore are not reported as fund liabilities.	<u>(373,360)</u>
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**Net assets of governmental activities** \$ 5,962,066

*The accompanying notes are an integral part of these financial statements.*

# TITTABAWASSEE TOWNSHIP

## GOVERNMENTAL FUNDS

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended March 31, 2008

	<i>General Fund</i>	<i>Police Fund</i>	<i>Refuse Collection Fund</i>	<i>Nonmajor Governmental Funds</i>	<i>Total Governmental Funds</i>
<b>Revenues:</b>					
Property taxes	\$ 312,463	\$ 660,539	\$ -	\$ 115,585	\$ 1,088,587
Licenses and permits	35,489	-	-	87,552	123,041
State grants	493,029	5,410	-	14,144	512,583
Contributions from other units	15,992	-	-	-	15,992
Charges for services	210,215	750	368,250	-	579,215
Fines and forfeits	-	12,158	-	-	12,158
Interest and rents	47,307	10,610	7,006	31,922	96,845
Other revenue	72,883	1,967	3,206	40,371	118,427
Total revenues	<u>1,187,378</u>	<u>691,434</u>	<u>378,462</u>	<u>289,574</u>	<u>2,546,848</u>
<b>Expenditures:</b>					
Current					
General government	578,052	-	-	-	578,052
Public safety	-	628,500	-	150,222	778,722
Public works	94,941	-	340,436	-	435,377
Community and economic development	27,228	-	-	-	27,228
Recreation and culture	-	-	-	104,777	104,777
Other	15,084	-	-	-	15,084
Capital outlay	32,772	38,749	-	45,623	117,144
Debt service					
Principal	17,000	-	-	28,475	45,475
Interest and fees	12,228	-	-	2,525	14,753
Total expenditures	<u>777,305</u>	<u>667,249</u>	<u>340,436</u>	<u>331,622</u>	<u>2,116,612</u>
Excess (deficiency) of revenues over expenditures	<u>410,073</u>	<u>24,185</u>	<u>38,026</u>	<u>(42,048)</u>	<u>430,236</u>
<b>Other financing sources (uses):</b>					
Transfer from other funds	-	-	-	182,200	182,200
Transfer to other funds	(182,200)	-	-	-	(182,200)
Total other financing sources (uses)	<u>(182,200)</u>	<u>-</u>	<u>-</u>	<u>182,200</u>	<u>-</u>
Net change in fund balances	227,873	24,185	38,026	140,152	430,236
Fund balances, beginning of year	<u>946,405</u>	<u>803,341</u>	<u>578,883</u>	<u>353,202</u>	<u>2,681,831</u>
Fund balances, end of year	<u>\$ 1,174,278</u>	<u>\$ 827,526</u>	<u>\$ 616,909</u>	<u>\$ 493,354</u>	<u>\$ 3,112,067</u>

The accompanying notes are an integral part of these financial statements.

# TITTABAWASSEE TOWNSHIP

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## RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended March 31, 2008

**Net change in fund balances - total governmental funds** \$ 430,236

Total change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.

Capital outlay	127,804	
Less depreciation expense	<u>(197,526)</u>	(69,722)

Collection of certain items recorded as deferred revenue are considered current financial resources in the governmental funds. In the statement of activities, these items have been recorded as revenue.

Property taxes	(95,241)	
State revenue sharing - sales tax	(37,931)	
Special assessments	<u>(54,274)</u>	(187,446)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in accrued interest payable	(22,311)	
Change in compensated absences payable	(2,015)	
Repayments of long-term debt	<u>45,475</u>	<u>21,149</u>

**Change in net assets of governmental activities** \$ 194,217

*The accompanying notes are an integral part of these financial statements.*

# TITTABAWASSEE TOWNSHIP

## PROPRIETARY FUNDS

### STATEMENT OF NET ASSETS

March 31, 2008

	<i>Business-type Activities</i>		
	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Total Enterprise Funds</i>
<b>Assets:</b>			
<b><i>Current assets:</i></b>			
Cash and cash equivalents	\$ 702,900	\$ 1,724,108	\$ 2,427,008
Accounts receivable	12,263	421,401	433,664
Accounts receivable - tax account	3,911	67,432	71,343
Special assessments receivable	125,266	-	125,266
Due from other funds	117,550	-	117,550
Inventory	-	26,015	26,015
Prepaid expenses	4,618	4,606	9,224
Total current assets	966,508	2,243,562	3,210,070
<b><i>Noncurrent assets:</i></b>			
Restricted cash and cash equivalents	-	56,500	56,500
Special assessments receivable	251,330	-	251,330
Capital assets:			
Nondepreciable capital assets	1,119,474	25,569	1,145,043
Depreciable capital assets, net	6,773,213	4,321,104	11,094,317
Deferred charges	-	7,580	7,580
Total noncurrent assets	8,144,017	4,410,753	12,554,770
Total assets	9,110,525	6,654,315	15,764,840
<b>Liabilities:</b>			
<b><i>Current liabilities:</i></b>			
Accounts payable	19,180	56,603	75,783
Accrued expenses	3,724	2,850	6,574
Due to other funds	-	117,826	117,826
Deposits payable	-	25,181	25,181
Accrued interest payable	-	7,878	7,878
Current portion of long-term debt	5,000	75,000	80,000
Total current liabilities	27,904	285,338	313,242
<b><i>Noncurrent liabilities:</i></b>			
Compensated absences payable	19,199	17,810	37,009
Long-term debt	-	180,000	180,000
Total noncurrent liabilities	19,199	197,810	217,009
Total liabilities	47,103	483,148	530,251

continued

The accompanying notes are an integral part of these financial statements.

# TITTABAWASSEE TOWNSHIP

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## PROPRIETARY FUNDS

### STATEMENT OF NET ASSETS, continued

March 31, 2008

	<i>Business-type Activities</i>		
	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Total Enterprise Funds</i>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	7,887,687	4,091,673	11,979,360
Restricted for:			
Bond reserve	-	56,500	56,500
Unrestricted	<u>1,175,735</u>	<u>2,022,994</u>	<u>3,198,729</u>
Total net assets	<u>\$ 9,063,422</u>	<u>\$ 6,171,167</u>	<u>\$ 15,234,589</u>

*The accompanying notes are an integral part of these financial statements.*

# TITTABAWASSEE TOWNSHIP

## PROPRIETARY FUNDS

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Year Ended March 31, 2008

	<i>Business-type Activities</i>		
	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Total Enterprise Funds</i>
<b>Operating revenues:</b>			
Charges for services	\$ 873,344	\$ 1,176,003	\$ 2,049,347
Connection fees	27,370	47,153	74,523
Penalties	-	23,155	23,155
Hydrants	-	71,425	71,425
Other	9,180	75,968	85,148
Total operating revenues	909,894	1,393,704	2,303,598
<b>Operating expenses:</b>			
Personnel	168,062	112,407	280,469
Fringe benefits	80,727	69,598	150,325
Supplies	35,233	114,014	149,247
Contracted services	92,214	100,879	193,093
Purchase of water	-	416,018	416,018
Administrative expense	68,648	73,240	141,888
Telephone	5,180	3,046	8,226
Mileage	7,608	8,762	16,370
Dues, licenses and permits	1,394	2,678	4,072
Education and training	1,764	585	2,349
Printing and publishing	203	1,594	1,797
Insurance	12,568	8,133	20,701
Utilities	63,484	6,082	69,566
Repairs and maintenance	56,066	12,303	68,369
Other services and supplies	420	427	847
Depreciation	530,308	370,822	901,130
Total operating expenses	1,123,879	1,300,588	2,424,467
Operating income (loss)	(213,985)	93,116	(120,869)
<b>Non-operating revenues (expenses):</b>			
Interest income	34,849	43,533	78,382
Special assessments interest	19,854	-	19,854
Amortization expense	-	(2,543)	(2,543)
Interest expense	(706)	(18,985)	(19,691)
Net non-operating revenues	53,997	22,005	76,002
Net income (loss) before capital contributions	(159,988)	115,121	(44,867)

continued

The accompanying notes are an integral part of these financial statements.

# TITTABAWASSEE TOWNSHIP

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## PROPRIETARY FUNDS

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS, continued

Year Ended March 31, 2008

	<i>Business-type Activities</i>		
	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Total Enterprise Funds</i>
Capital contributions	866,392	89,508	955,900
Net income	706,404	204,629	911,033
Net assets, beginning of year, restated	8,357,018	5,966,538	14,323,556
Net assets, end of year	<u>\$ 9,063,422</u>	<u>\$ 6,171,167</u>	<u>\$ 15,234,589</u>

*The accompanying notes are an integral part of these financial statements.*

# TITTABAWASSEE TOWNSHIP

## PROPRIETARY FUNDS

### STATEMENT OF CASH FLOWS

Year Ended March 31, 2008

	<i>Business-type Activities</i>		
	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Total Enterprise Funds</i>
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 584,690	\$ 1,301,910	\$ 1,886,600
Cash received (paid) between funds	(73,942)	(50,929)	(124,871)
Cash payments to employees	(163,620)	(108,623)	(272,243)
Cash payments to suppliers for goods and services	(431,722)	(801,038)	(1,232,760)
Net cash provided (used) by operating activities	(84,594)	341,320	256,726
<b>Cash flows from capital and related financing activities:</b>			
Special assessments interest	19,854	-	19,854
Capital contributions	866,392	89,508	955,900
Acquisition and construction of capital assets	(1,190,148)	(133,203)	(1,323,351)
Principal payments	(5,000)	(75,000)	(80,000)
Interest paid	(706)	(18,985)	(19,691)
Net cash used by capital and related financing activities	(309,608)	(137,680)	(447,288)
<b>Cash flows from investing activities:</b>			
Interest received	34,849	43,533	78,382
Net cash provided by investing activities	34,849	43,533	78,382
Net increase (decrease) in cash and cash equivalents	(359,353)	247,173	(112,180)
Cash and cash equivalents, beginning of year	1,062,253	1,533,435	2,595,688
Cash and cash equivalents, end of year	\$ 702,900	\$ 1,780,608	\$ 2,483,508

continued

The accompanying notes are an integral part of these financial statements.



# TITTABAWASSEE TOWNSHIP

## PROPRIETARY FUNDS

### STATEMENT OF CASH FLOWS, continued

Year Ended March 31, 2008

	<i>Business-type Activities</i>		
	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Total Enterprise Funds</i>
<b>Reconciliation of operating income(loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ (213,985)	\$ 93,116	\$ (120,869)
Adjustments:			
Depreciation	530,308	370,822	901,130
Change in assets and liabilities:			
Accounts receivable	45,008	(24,965)	20,043
Accounts receivable - tax account	(3,911)	(67,432)	(71,343)
Special assessments receivable	(366,301)	-	(366,301)
Accrued interest receivable	-	603	603
Due from other funds	(73,942)	-	(73,942)
Inventory	-	10,532	10,532
Prepaid expenses	(4,618)	(4,606)	(9,224)
Accounts payable	(1,421)	8,037	6,616
Accrued expenses	(95)	1,023	928
Due to other funds	-	(50,929)	(50,929)
Deposits payable	-	2,070	2,070
Accrued interest payable	(79)	(735)	(814)
Compensated absences payable	4,442	3,784	8,226
Net cash provided by operating activities	<u>\$ (84,594)</u>	<u>\$ 341,320</u>	<u>\$ 256,726</u>

The accompanying notes are an integral part of these financial statements.

# TITTABAWASSEE TOWNSHIP

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## *FIDUCIARY FUNDS* **STATEMENT OF NET ASSETS**

March 31, 2008

	<i><b>Pension Trust Fund</b></i>	<i><b>Agency Funds</b></i>	<i><b>Total</b></i>
<b>Assets:</b>			
Cash and cash equivalents	\$ 1,474,337	\$ 2,022,425	\$ 3,496,762
Total assets	<u>\$ 1,474,337</u>	<u>\$ 2,022,425</u>	<u>\$ 3,496,762</u>
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 1,754,540	\$ 1,754,540
Due to other governmental units	<u>-</u>	<u>267,885</u>	<u>267,885</u>
Total liabilities	<u>-</u>	<u>2,022,425</u>	<u>2,022,425</u>
<b>Net assets:</b>			
Held in trust for pension benefits	<u>\$ 1,474,337</u>	<u>\$ -</u>	<u>\$ 2,022,425</u>

*The accompanying notes are an integral part of these financial statements.*

# TITTABAWASSEE TOWNSHIP

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## FIDUCIARY FUNDS

### STATEMENT OF CHANGES IN NET ASSETS

March 31, 2008

	<i><u>Pension Trust Fund</u></i>
<b>Additions:</b>	
Contributions	
Employer	\$ 77,554
Employee	39,181
Interest earned	5,633
Investment gain (loss)	<u>(45,528)</u>
Total additions	<u>76,840</u>
<b>Deductions:</b>	
Distributions	73,216
Fees	<u>4</u>
Total deductions	<u>73,220</u>
Change in net assets	3,620
Net assets, beginning of year	<u>1,470,717</u>
Net assets, end of year	<u><u>\$ 1,474,337</u></u>

*The accompanying notes are an integral part of these financial statements.*

***NOTES TO FINANCIAL STATEMENTS***

# TITTABAWASSEE TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS

March 31, 2008

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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The accounting policies of Tittabawassee Township conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

#### **Reporting Entity:**

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Township and its component units. In evaluating the Township as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the Township may be financially accountable and, as such, should be included within the Township's financial statements. The Township (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden on the Township. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The component unit discussed below is included in the Township's reporting entity because of its operational or financial relationship with the Township.

**Discretely Presented Component Units** - This unit is reported in a separate column to emphasize that it is legally separate from the Township. The component unit is described as follows:

***Downtown Development Authority*** - The Downtown Development Authority's (DDA) governing body is appointed by the Township Board. The budgets and expenditures of the DDA must be approved by the Township Board. In addition, the Township has the ability to significantly influence operations of the DDA. The DDA does not issue any other form of financial statements except as contained in Tittabawassee Township's annual financial statements.

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation:**

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

#### ***Government-wide Financial Statements:***

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

# TITTABAWASSEE TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the primary government. These statements distinguish between activities that are governmental and those that are business-type activities.

The statement of net assets presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts (1) invested in capital assets, net of related debt, (2) restricted net assets, and (3) unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost of each of the Township's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The Township does not allocate indirect costs. In creating the government-wide financial statements the Township has eliminated interfund transactions.

The government-wide focus is on the sustainability of the Township as an entity and the change in the Township's net assets resulting from current year activities.

### ***Fund Financial Statements:***

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the government.

# TITTABAWASSEE TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Fiduciary funds are accounted for on a spending or economic resources measurement focus and the accrual basis of accounting as are the proprietary funds.

The Township reports the following major governmental fund:

The **General Fund** is the primary operating fund of the Township. It is used to account for all financial resources, except for those required to be accounted for in another fund.

The **Police Fund** is used to account for the revenues and expenditures for the government's police protection.

The **Refuse Collection Fund** is used to account for the revenues and expenditures of the government's refuse collection operation.

The Township reports the following major enterprise fund:

The **Sewer Fund** is used to account for the activities of the sewage collection system.

The **Water Fund** is used to account for the activities of the water distribution system.

Additionally, the Township reports the following:

The **Trust and Agency Funds** account for assets held by the Township in trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include the Pension Trust Fund, Tax Collection Fund, Trust and Agency Fund, and Payroll Fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

### Assets, Liabilities and Equity:

**Deposits and Investments** – Cash and cash equivalents include cash on hand, demand deposits, certificates of deposit and short term investments with a maturity of three months or less when acquired. Investments, if any, are stated at fair value. For purposes of the statement of cash flows, the Township considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

# TITTABAWASSEE TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

**Interfund Receivables and Payables** – Generally, outstanding amounts owed between funds are classified as “due from/to other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds”. Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as “internal balances”.

**Inventory** – Inventory is valued at cost, on a first-in, first-out basis. Inventories of proprietary funds are recorded as expenditures when consumed rather than when purchased. Inventories of governmental funds are recorded as expenditures when purchased.

**Prepaid Items** – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Restricted Assets** – Certain revenue bonds of the Enterprise Funds require amounts to be set aside for a bond reserve. These amounts have been classified as restricted cash and cash equivalents.

**Capital Assets** – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The Township defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. Public domain (infrastructure) assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the government) are capitalized if acquired after April 1, 2004. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	5-50 years
Equipment	5-10 years
Land improvements	5-50 years
Sewer system	5-75 years
Vehicles	5-15 years
Water system	20-75 years

**Compensated Absences** – It is the Township’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**Long-term Obligations** – In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.



# TITTABAWASSEE TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Fund Equity** – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

### **Use of Estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **Eliminations and Reclassifications:**

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

### **Property Taxes:**

Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31<sup>st</sup>. Taxes are considered delinquent on March 1<sup>st</sup> of the following year, at which time penalties and interest are assessed.

The 2007 taxable valuation of the Township totaled \$249,285,860 (exclusive of any Michigan Tax Tribunal or Board of Review adjustments) on which ad valorem taxes levied consisted of .8894 mills for the Township’s operating purposes, 2.2239 for police protection and .9430 mills for public safety.

The delinquent real property taxes of the Township are purchased by Saginaw County. The delinquent real property taxes are received soon enough after year end to be recorded as revenue in the current year.

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## **NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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### **Budgetary Information:**

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to March 31, the Township Manager submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted by adoption of the Township Board.
4. Any revision that alters the total expenditures of any fund must be approved by the Township Board.

# TITTABAWASSEE TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. Governmental fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A comparison of actual results of operations to the General Fund, Police Fund and Refuse Collection Fund budgets as originally adopted and amended by the Township Board are included in the required supplemental information.
7. All annual appropriations lapse at fiscal year end.

### **Excess of Expenditures over Appropriations in Budgeted Funds:**

During the year, the Township's Police Fund incurred expenditures that were in excess of the amounts budgeted by \$10,666.

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### **NOTE 3: DEPOSITS AND INVESTMENTS**

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Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency of instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The investment policy adopted by the Township Board is in accordance with Public Act 196 of 1997. The Township's deposits and investments have been made in accordance with statutory authority.

The Township's deposits and investments are subject to risk, which is examined in more detail below:

#### **Custodial Credit Risk of Bank Deposits:**

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$6,355,786 of bank deposits (certificates of deposit, checking, and savings accounts), of which \$390,020 was covered by federal depository insurance and the remainder was uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits, and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with acceptable estimated risk level are used as depositories.

The Township had no investments at March 31, 2008.

# TITTABAWASSEE TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

### NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2008 was as follows:

	<u>April 1, 2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>March 31, 2008</u>
<b>Governmental activities:</b>				
Nondepreciable capital assets:				
Land	\$ 294,025	\$ -	\$ -	\$ 294,025
Depreciable capital assets:				
Buildings and improvements	1,829,548	22,791	-	1,852,339
Land improvements	1,512,750	-	-	1,512,750
Equipment equipment	628,872	24,936	-	653,808
Vehicles	809,510	80,077	(128,650)	760,937
Total depreciable capital assets	4,780,680	127,804	(128,650)	4,779,834
Accumulated depreciation	(1,721,775)	(197,526)	128,650	(1,790,651)
Depreciable capital assets, net	3,058,905	(69,722)	-	2,989,183
Governmental activities, capital assets, net	<u>\$ 3,352,930</u>	<u>\$ (69,722)</u>	<u>\$ -</u>	<u>\$ 3,283,208</u>
<b>Business-type activities:</b>				
Nondepreciable capital assets:				
Land	\$ 120,000	\$ 6,073	\$ -	\$ 126,073
Construction in progress	144,066	874,904	-	1,018,970
Total nondepreciable capital assets	264,066	880,977	-	1,145,043
Depreciable capital assets				
Buildings and improvements	1,265,324	-	-	1,265,324
Equipment and vehicles	480,269	36,255	-	516,524
Sewer system	12,502,368	334,884	(19,186)	12,818,066
Water system	7,917,423	89,505	-	8,006,928
Total depreciable capital assets	22,165,384	460,644	(19,186)	22,606,842
Accumulated depreciation	(10,612,311)	(901,130)	916	(11,512,525)
Depreciable capital assets, net	11,553,073	(440,486)	(18,270)	11,094,317
Business-type activities, capital assets, net	<u>\$ 11,817,139</u>	<u>\$ 440,491</u>	<u>\$ (18,270)</u>	<u>\$ 12,239,360</u>

# TITTABAWASSEE TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

### Component unit:

Nondepreciable capital assets:

Land	\$ 9,492	\$ -	\$ -	\$ 9,492
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Depreciable capital assets

Buildings and improvements	75,000	1,191,136	-	1,266,136
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Machinery and equipment	2,796	-	-	2,796
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Total depreciable capital assets	77,796	1,191,136	-	1,268,932
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Accumulated depreciation	(7,296)	(1,500)	-	(8,796)
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Depreciable capital assets, net	70,500	1,189,636	-	1,260,136
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Component unit, capital assets, net	\$ 79,992	\$ 1,189,636	\$ -	\$ 1,269,628
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Depreciation expense was charged to functions as follows:

	<i><u>Governmental Activities</u></i>	<i><u>Business-type Activities</u></i>
General government	\$ 52,310	\$ -
Public safety	61,637	-
Recreation and culture	83,579	-
Sewer	-	530,308
Water	-	370,822
Total	\$ 197,526	\$ 901,130

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## NOTE 5: DEFERRED REVENUE

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Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<i><u>Unavailable</u></i>	<i><u>Unearned</u></i>
Special assessments	\$ 31,336	\$ -

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## NOTE 6: LONG-TERM LIABILITIES

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The Township entered into a loan and contract to provide for the acquisition and construction of major capital projects. Loans and contract payables are direct obligations and pledge the full faith and credit of the Township.

# TITTABAWASSEE TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

Long-term liabilities at March 31, 2008 consisted of the following:

<u><i>Types of Indebtedness</i></u>	<u><i>Maturity</i></u>	<u><i>Interest Rate</i></u>	<u><i>Annual Principal Installments</i></u>	<u><i>Original Loan Amount</i></u>	<u><i>Outstanding at Year-End</i></u>
<b><u>Governmental Activities</u></b>					
<b><i>Contracts and Loans Payable:</i></b>					
1999 Bishop Tile Drain County Bond	2019	5.75%	\$17,000-27,200	\$ 340,000	\$ 323,000
2007 Fire Truck Loan	2013	3.75%	24,856-29,895	163,835	138,979
<b><u>Business-type Activities</u></b>					
<b><i>Bonds payable:</i></b>					
1987 Revenue Refunding Bonds	2013	8.10%	\$25,000-35,000	\$ 335,000	\$ 155,000
1994 Special Assessment Sewer Bonds	2009	6.35%	5,000	130,000	5,000
1989 Water Supply System Extension No. 2	2010	7.00%	50,000	575,000	100,000
<b><u>Component Unit</u></b>					
<b><i>Bonds payable:</i></b>					
1994 Downtown Development Bonds	2015	7.000%	\$75,000-100,000	\$ 1,105,000	\$ 675,000
2007 Limited Tax Development Bonds	2019	4.10-4.55%	75,000-125,000	1,000,000	1,000,000

The following is a summary of long-term liabilities transactions for the year ended March 31, 2008:

	<u><i>April 1, 2007</i></u>	<u><i>Additions</i></u>	<u><i>Retirements</i></u>	<u><i>March 31, 2008</i></u>	<u><i>Due Within One Year</i></u>
<b>Governmental Activities:</b>					
Contracts and loans payable					
1999 Bishop Tile Drain Bond	\$ 255,000	\$ -	\$ (17,000)	\$ 238,000	\$ 17,000
2007 Fire Truck Loan	163,835	-	(28,475)	135,360	25,835
Compensated absences	60,158	22,311	-	82,469	-
Total governmental activities					
- long-term liabilities	<u>\$ 478,993</u>	<u>\$ 22,311</u>	<u>\$ (45,475)</u>	<u>\$ 455,829</u>	<u>\$ 42,835</u>
<b>Business-type activities:</b>					
Bonds payable					
1987 Revenue Refunding Bond	\$ 180,000	\$ -	\$ (25,000)	\$ 155,000	\$ 25,000
1994 Special Assessment Sewer	10,000	-	(5,000)	5,000	5,000
1989 Water Supply System Ext. 2	150,000	-	(50,000)	100,000	50,000
Compensated absences	28,783	8,226	-	37,009	-
Total business-type activities					
- long-term liabilities	<u>\$ 368,783</u>	<u>\$ 8,226</u>	<u>\$ (80,000)</u>	<u>\$ 297,009</u>	<u>\$ 80,000</u>
<b>Component unit:</b>					
Bonds payable					
1994 Downtown Development	\$ 750,000	\$ -	\$ (75,000)	\$ 675,000	\$ 75,000
2007 Downtown Development	-	1,000,000	-	1,000,000	-
Compensated absences	1,431	394	-	1,825	-
Total component unit					
- long-term liabilities	<u>\$ 751,431</u>	<u>\$ 1,000,394</u>	<u>\$ (75,000)</u>	<u>\$ 1,676,825</u>	<u>\$ 75,000</u>

# TITTABAWASSEE TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

Annual debt service requirements to maturity for the above contractual obligations are as follows:

<i>Year Ended</i> <i>March 31,</i>	<i>Governmental Activities</i>			<i>Business-type Activities</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2009	\$ 42,835	\$ 16,390	\$ 59,225	\$ 80,000	\$ 14,324	\$ 94,324
2010	43,821	14,605	58,426	80,000	9,094	89,094
2011	44,844	12,783	57,627	30,000	5,650	35,650
2012	49,307	10,841	60,148	35,000	3,954	38,954
2013	46,353	8,767	55,120	35,000	1,978	36,978
2014-2018	119,000	22,345	141,345	-	-	-
2019	27,200	680	27,880	-	-	-
	<u>\$ 373,360</u>	<u>\$ 86,411</u>	<u>\$ 459,771</u>	<u>\$ 260,000</u>	<u>\$ 35,000</u>	<u>\$ 295,000</u>

<i>Year Ended</i> <i>March 31,</i>	<i>Component Unit</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2009	\$ 75,000	\$ 97,136	\$ 172,136
2010	175,000	80,420	255,420
2011	185,000	70,119	255,119
2012	190,000	59,466	249,466
2013	195,000	48,557	243,557
2014-2018	730,000	100,487	830,487
2019	125,000	6,344	131,344
	<u>\$ 1,675,000</u>	<u>\$ 462,529</u>	<u>\$ 2,137,529</u>

## NOTE 7: DISAGGREGATED RECEIVABLE AND PAYABLE BALANCES

Receivables and payables as of year end in the aggregate are as follows:

	<i>Governmental</i> <i>Activities</i>	<i>Business-Type</i> <i>Activities</i>	<i>Component</i> <i>Unit</i>
<b>Receivables:</b>			
Property taxes	\$ 88,576	\$ -	\$ 44,409
Accounts	1,350,933	505,007	339,404
Special assessments	31,336	376,596	-
Intergovernmental	<u>75,961</u>	<u>-</u>	<u>38,391</u>
Total receivables	<u>\$ 1,546,806</u>	<u>\$ 881,603</u>	<u>\$ 422,204</u>
<b>Accounts payable and accrued expenses:</b>			
Accounts	\$ 67,789	\$ 75,783	\$ 14,988
Payroll and related liabilities	24,414	6,574	366
Deposits payable	5,650	25,181	-
Accrued interest	8,716	7,878	50,786
Intergovernmental	<u>38,391</u>	<u>-</u>	<u>-</u>
Total accounts payable and accrued expenses	<u>\$ 144,960</u>	<u>\$ 115,416</u>	<u>\$ 66,140</u>

# TITTABAWASSEE TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

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### NOTE 8: INTERFUND BALANCES AND TRANSFERS

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The composition of interfund receivable and payable balances at March 31, 2008 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water Fund	\$ 276
Sewer Fund	Water Fund	117,550
		<u>\$ 117,826</u>

The Township expects these balances to be repaid within one year.

There were no interfund receivable and payable balances at March 31, 2008.

Interfund transfers during the fiscal year were as follows:

<u>Funds Transferred From</u>	<u>Funds Transferred To</u>	<u>Amount</u>
General Fund	Fire Fund	\$ 24,000
General Fund	Park Fund	93,200
General Fund	Road Improvement Revolving Fund	35,000
General Fund	Capital Improvements Fund	30,000
		<u>\$ 182,200</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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### NOTE 9: RISK MANAGEMENT

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The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance to cover any potential claims associated with these risks.

Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

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### NOTE 10: EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

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#### Defined Contribution Plan:

The Township's Public Employee Retirement System (PERS) is a single-employer PERS that administers the Township's defined contribution plan for its municipal employees. The PERS prepares

# TITTABAWASSEE TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

and distributes separate financial statements as required by the state statute but its financial statements are also included in a Trust Fund of the Township's reporting entity. The Township is the only non-employee contributor to the pension plan. All full time employees of the Township, with the exception of the Township Manager, are covered by the defined contribution pension plan. As of March 31, 2008, the pension plan's current membership was 17 employees.

A defined contribution pension plan provides pension benefits in return for services rendered, provides and individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive.

Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and returned earned on investments of those contributions. As established by state statute, all full-time municipal employees of the Township must participate in the pension plan from the date they are hired. Contributions made by the employee vest immediately and contributions made by the Township vest after 2 years of full-time employment. An employee that leaves the employment of the Township is entitled to his or her contribution and the Township's contributions if vesting requirements are satisfied, plus interest earnings. Each employee must contribute 5% of his or her gross earnings to the pension plan and may voluntarily contribute an additional 7%.

During the year, the Township's required and actual contributions amounted to \$77,554. The Township's policy is to fund pension costs representing 8 to 12 percent of the annual salaries of covered employees, as follows:

	<u>Non-Union</u>	<u>Police Union</u>	<u>Union Local</u>
Township contribution rate	8-12%	12%	10%
Employee contribution rate	5%	5%	5%

### Post Employment Benefits:

In addition to the pension benefits described above, the Township provides \$400 in post-retirement health insurance coverage per month for retirees from the police department and the Teamsters bargaining unit. The retiree must have attained the age of fifty-five (55) years and completed at least twenty-five (25) years of service. The employee will be provided the \$400 per month only until the age of sixty-five (65) or becomes eligible for Medicare, whichever occurs first. In the current year, no one received benefits; accordingly, there were no expenditures.

### Deferred Compensation Plan:

The Township offers its employees a deferred compensation plan created in accordance with IRC Section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death or unforeseeable emergency.

**Upcoming Reporting Change** - The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year beginning April 1, 2009.



# TITTABAWASSEE TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

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### NOTE 11: FUND EQUITY

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Specific reservations on fund equity include:

*Reserved for prepaid expenditures* – This reserve was created to indicate that the portion of fund balance represented by prepaid expenditures is not available for appropriation.

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### NOTE 12: PRIOR PERIOD ADJUSTMENT

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#### Correction of an Error:

Accounts receivable in the Sewer Fund was overstated in the prior year. The effect on beginning net assets is as follows:

	<u><i>Sewer Fund</i></u>	<u><i>Business-type Activities</i></u>
Net assets at March 31, 2007, previously stated	\$ 8,482,165	\$ 14,448,703
Adjust overstatement of accounts receivable	<u>(125,147)</u>	<u>(125,147)</u>
Net assets at March 31, 2007, restated	<u>\$ 8,357,018</u>	<u>\$ 14,323,556</u>

***REQUIRED SUPPLEMENTAL INFORMATION***

# TITABAWASSEE TOWNSHIP

## GENERAL FUND

### BUDGETARY COMPARISON SCHEDULE

Year Ended March 31, 2008

	<i>Budgeted Amounts</i>			<i>Actual Over (Under) Final Budget</i>
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	
<b>Revenues:</b>				
Property taxes	\$ 297,250	\$ 297,250	\$ 312,463	\$ 15,213
Licenses and permits	30,000	30,000	35,489	5,489
State grants	489,000	489,000	493,029	4,029
Contributions from other units	-	-	15,992	15,992
Charges for services	229,963	229,963	210,215	(19,748)
Interest and rents	61,900	61,900	47,307	(14,593)
Other revenue	58,000	62,800	72,883	10,083
Total revenues	<u>1,166,113</u>	<u>1,170,913</u>	<u>1,187,378</u>	<u>16,465</u>
<b>Expenditures:</b>				
Current				
General government	635,114	628,905	578,052	(50,853)
Public works	122,157	122,157	94,941	(27,216)
Community and economic development	41,960	39,460	27,228	(12,232)
Other	17,000	15,500	15,084	(416)
Capital outlay	154,100	157,100	32,772	(124,328)
Debt service				
Principal	17,000	17,000	17,000	-
Interest and fees	14,440	14,440	12,228	(2,212)
Total expenditures	<u>1,001,771</u>	<u>994,562</u>	<u>777,305</u>	<u>(217,257)</u>
Excess (deficiency) of revenues over expenditures	<u>164,342</u>	<u>176,351</u>	<u>410,073</u>	<u>233,722</u>
<b>Other financing sources (uses):</b>				
Transfers from other funds	26,000	26,000	-	(26,000)
Transfer to other funds	(182,200)	(182,200)	(182,200)	-
Total other financing sources (uses)	<u>(156,200)</u>	<u>(156,200)</u>	<u>(182,200)</u>	<u>(26,000)</u>
Net change in fund balance	8,142	20,151	227,873	207,722
Fund balance, beginning of year	<u>946,405</u>	<u>946,405</u>	<u>946,405</u>	<u>-</u>
Fund balance, end of year	<u>\$ 954,547</u>	<u>\$ 966,556</u>	<u>\$ 1,174,278</u>	<u>\$ 207,722</u>

# TITTABAWASSEE TOWNSHIP

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## POLICE FUND

### BUDGETARY COMPARISON SCHEDULE

Year Ended March 31, 2008

	<i>Budgeted Amounts</i>			<i>Actual Over (Under)</i>
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Final Budget</i>
<b>Revenues:</b>				
Property taxes	\$ 598,050	\$ 598,050	\$ 660,539	\$ 62,489
State grants	4,100	4,100	5,410	1,310
Contributions from other units	6,000	6,000	-	(6,000)
Charges for services	3,000	3,000	750	(2,250)
Fines and forfeits	12,500	12,500	12,158	(342)
Interest and rents	17,300	17,300	10,610	(6,690)
Other revenue	950	950	1,967	1,017
Total revenues	641,900	641,900	691,434	49,534
<b>Expenditures:</b>				
Current				
Public safety	611,634	617,834	628,500	10,666
Capital outlay	49,000	39,000	38,749	(251)
Total expenditures	660,634	656,834	667,249	10,415
Net change in fund balance	(18,734)	(14,934)	24,185	39,119
Fund balance, beginning of year	803,341	803,341	803,341	-
Fund balance, end of year	\$ 784,607	\$ 788,407	\$ 827,526	\$ 39,119

# TITTABAWASSEE TOWNSHIP

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## REFUSE COLLECTION FUND

### BUDGETARY COMPARISON SCHEDULE

Year Ended March 31, 2008

	<i><b>Budgeted Amounts</b></i>		<i><b>Actual</b></i>	<i><b>Actual Over (Under) Final Budget</b></i>
	<i><b>Original</b></i>	<i><b>Final</b></i>		
<b>Revenues:</b>				
Charges for services	\$ 340,050	\$ 340,050	\$ 368,250	\$ 28,200
Interest and rents	6,500	6,500	7,006	506
Other revenue	7,100	100	3,206	3,106
Total revenues	353,650	346,650	378,462	31,812
<b>Expenditures:</b>				
Current				
Public works	381,419	349,119	340,436	(8,683)
Total expenditures	381,419	349,119	340,436	(8,683)
Net change in fund balance	(27,769)	(2,469)	38,026	40,495
Fund balance, beginning of year	578,883	578,883	578,883	-
Fund balance, end of year	<u>\$ 551,114</u>	<u>\$ 576,414</u>	<u>\$ 616,909</u>	<u>\$ 40,495</u>

***OTHER SUPPLEMENTAL INFORMATION***

# TITTABAWASSEE TOWNSHIP

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## GENERAL FUND

### DETAILED SCHEDULE OF REVENUES

Year Ended March 31, 2008

***Current Taxes:***

Property taxes	\$ 229,858
Trailer tax	458
Penalties and interest on taxes	566
Administration fees	81,282
Payment in lieu of taxes	299
	<u>312,463</u>

***Licenses and permits:***

CATV franchise fees	<u>35,489</u>
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***State Grants:***

Summer tax collection reimbursement	9,615
State revenue sharing - sales tax	483,414
	<u>493,029</u>

***Contribution from other units:***

Downtown Development Authority - administrative charge	<u>15,992</u>
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***Charges for services:***

Cemetery fees	13,916
Appeals fees	5,565
Administrative charges to other funds	190,734
	<u>210,215</u>

***Interest and rents:***

Interest	34,797
Rents	12,510
	<u>47,307</u>

***Other Revenue:***

Special assessments	46,567
Reimbursements	16,219
Other	10,097
	<u>72,883</u>

Total revenues	<u><u>\$ 1,187,378</u></u>
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# TITTABAWASSEE TOWNSHIP

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## GENERAL FUND

### DETAILED SCHEDULE OF EXPENDITURES

Year Ended March 31, 2008

**Expenditures:**

***General Government:***

*Trustees:*

Personnel	\$ 8,450
Fringe benefits	647
Conferences and workshops	3,729
	<u>12,826</u>

*Supervisor:*

Personnel	10,560
Fringe benefits	1,893
Education and training	759
	<u>13,212</u>

*Administrative Services:*

Personnel	203,496
Fringe benefits	43,012
Supplies	7,427
Contracted services	8,400
Telephone	2,761
Transportation	32
Dues and memberships	1,207
Education and training	78
Printing and publications	37
Repairs and maintenance	1,913
Other	414
	<u>268,777</u>

*Fiscal Services:*

Personnel	48,936
Fringe benefits	22,234
Supplies	2,465
Dues and memberships	265
Conferences and workshops	47
Repairs and maintenance	10,038
Other	128
	<u>84,113</u>

*Clerk:*

Personnel	18,702
Fringe benefits	5,984
Supplies	1,152
Transportation	105
Dues and memberships	4,585
Conferences and workshops	321
Printing and publications	842
Other	84
	<u>31,775</u>

*Audit:*

Contracted services	<u>2,200</u>
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# TITTABAWASSEE TOWNSHIP

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## GENERAL FUND

### DETAILED SCHEDULE OF EXPENDITURES, CONTINUED

Year Ended March 31, 2008

**Expenditures, continued:**

*General Government, continued:*

*Board of Review:*

Personnel	1,250
Fringe benefits	96
Supplies	1
	<hr/>
	1,347

*Treasurer:*

Personnel	17,094
Fringe benefits	3,714
Supplies	6,081
Contracted services	12,791
Mileage	60
Dues and memberships	477
Education and training	1,618
Repairs and maintenance	420
Other	222
	<hr/>
	42,477

*Assessor:*

Personnel	37,424
Fringe benefits	4,256
Supplies	4,530
Printing and publications	610
Repairs and maintenance	1,015
Other	139
	<hr/>
	47,974

*Elections:*

Supplies	865
Contracted services	3,686
Printing and publications	361
Repairs and maintenance	1,895
Other	31
	<hr/>
	6,838

*Offices and Other Buildings:*

Personnel	2,718
Fringe benefits	893
Supplies	112
Telephone	37
Utilities	9,478
Repairs and maintenance	17,341
	<hr/>
	30,579

*Attorney:*

Contracted services	4,614
	<hr/>

# TITTABAWASSEE TOWNSHIP

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## GENERAL FUND

### DETAILED SCHEDULE OF EXPENDITURES, CONTINUED

Year Ended March 31, 2008

**Expenditures, continued:**

***General Government, continued:***

*Cemetery:*

Personnel	3,722
Fringe benefits	413
Supplies	2,670
Repairs and maintenance	10,311
	<hr/>
	17,116

*Community Hall:*

Personnel	6,223
Fringe benefits	476
Supplies	404
Telephone	551
Utilities	4,405
Repairs and maintenance	1,767
Other	378
	<hr/>
	14,204

Total general government	<hr/>	578,052
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***Public Works:***

*Department of Public Works:*

Personnel	3,228
Fringe benefits	247
Supplies	2,177
Contracted services	10,928
Transportation	244
Repairs and maintenance	543
	<hr/>
	17,367

*Sidewalks:*

Contracted services	<hr/>	71
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*Drains:*

Contracted services	<hr/>	34,225
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*Roads:*

Contracted services	<hr/>	16,128
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*Street Lighting:*

Utilities	<hr/>	27,150
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Total public works	<hr/>	94,941
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# TITTABAWASSEE TOWNSHIP

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## GENERAL FUND

### DETAILED SCHEDULE OF EXPENDITURES, CONTINUED

Year Ended March 31, 2008

**Expenditures, continued:**

***Community and Economic Development:***

*Planning Commission:*

Personnel	2,438
Fringe benefits	184
Supplies	179
Contracted services	7,644
Dues and memberships	625
Printing and publications	863
Other	56
	<u>11,989</u>

*Zoning Board of Appeals:*

Personnel	360
Fringe benefits	28
Other	41
	<u>429</u>

*Community Development:*

Printing and publications	12,254
Other	2,556
	<u>14,810</u>

Total community and economic development	<u>27,228</u>
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***Other:***

Insurance	14,786
Tax tribunal refunds ordered	298
	<u>15,084</u>

***Capital Outlay:***

General government	<u>32,772</u>
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***Debt Service:***

Principal	17,000
Interest and fees	12,228
	<u>29,228</u>

Total expenditures	<u>777,305</u>
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**Other Financing Uses:**

Transfer to other funds	<u>182,200</u>
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Total expenditures and other financing uses	<u>\$ 959,505</u>
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# TITTABAWASSEE TOWNSHIP

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## NONMAJOR GOVERNMENTAL FUNDS

### COMBINING BALANCE SHEET

March 31, 2008

	<i>Special Revenue Funds</i>		
	<i>Fire Fund</i>	<i>Park Fund</i>	<i>Building Inspection Fund</i>
<b>Assets:</b>			
Cash and cash equivalents	\$ 22,233	\$ 104,496	\$ 24,001
Taxes receivable	6,055	-	-
Accounts receivable	2,886	-	123
Accounts receivable - tax account	102,664	-	-
Total assets	<u>\$ 133,838</u>	<u>\$ 104,496</u>	<u>\$ 24,124</u>
<b>Liabilities and Fund Balances:</b>			
<b><i>Liabilities:</i></b>			
Accounts payable	\$ 1,821	\$ 2,273	\$ 171
Accrued expenses	-	662	1,487
Deposits payable	-	4,250	-
Total liabilities	<u>1,821</u>	<u>7,185</u>	<u>1,658</u>
<b><i>Fund balances:</i></b>			
Unreserved:			
Special revenue funds	132,017	97,311	22,466
Capital projects funds	-	-	-
Total fund balances	<u>132,017</u>	<u>97,311</u>	<u>22,466</u>
Total liabilities and fund balances	<u>\$ 133,838</u>	<u>\$ 104,496</u>	<u>\$ 24,124</u>

<u><i>Capital Projects Funds</i></u>		
<i>Road Improvement Revolving Fund</i>	<i>Capital Improvements Fund</i>	<i>Total Nonmajor Governmental Funds</i>
\$ 133,391	\$ 108,169	\$ 392,290
-	-	6,055
-	-	3,009
-	-	102,664
<u>\$ 133,391</u>	<u>\$ 108,169</u>	<u>\$ 504,018</u>
\$ -	\$ -	\$ 4,265
-	-	2,149
-	-	4,250
-	-	10,664
-	-	251,794
<u>133,391</u>	<u>108,169</u>	<u>241,560</u>
<u>133,391</u>	<u>108,169</u>	<u>493,354</u>
<u>\$ 133,391</u>	<u>\$ 108,169</u>	<u>\$ 504,018</u>

# TITTABAWASSEE TOWNSHIP

## NONMAJOR GOVERNMENTAL FUNDS

### COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

March 31, 2008

	<i>Special Revenue Funds</i>		
	<i>Fire Fund</i>	<i>Park Fund</i>	<i>Building Inspection Fund</i>
<b>Revenues:</b>			
Property taxes	\$ 115,585	\$ -	\$ -
Licenses and permits	-	-	87,552
State grants	2,703	-	-
Interest and rents	534	24,734	-
Other revenue	10,584	29,787	-
Total revenues	<u>129,406</u>	<u>54,521</u>	<u>87,552</u>
<b>Expenditures:</b>			
Current			
Public safety	82,625	-	67,597
Recreation and culture	-	104,777	-
Capital outlay	18,642	26,981	-
Debt service			
Principal	28,475	-	-
Interest and fees	2,525	-	-
Total expenditures	<u>132,267</u>	<u>131,758</u>	<u>67,597</u>
Excess (deficiency) of revenues over expenditures	<u>(2,861)</u>	<u>(77,237)</u>	<u>19,955</u>
<b>Other financing sources (uses):</b>			
Transfer from other funds	<u>24,000</u>	<u>93,200</u>	<u>-</u>
Total other financing sources (uses)	<u>24,000</u>	<u>93,200</u>	<u>-</u>
Net change in fund balances	21,139	15,963	19,955
Fund balances, beginning of year	<u>110,878</u>	<u>81,348</u>	<u>2,511</u>
Fund balances, end of year	<u>\$ 132,017</u>	<u>\$ 97,311</u>	<u>\$ 22,466</u>

<u><i>Capital Projects Funds</i></u>		
<i>Road Improvement Revolving Fund</i>	<i>Capital Improvements Fund</i>	<i>Total Nonmajor Governmental Funds</i>
\$ -	\$ -	\$ 115,585
-	-	87,552
11,441	-	14,144
3,675	2,979	31,922
-	-	40,371
<u>15,116</u>	<u>2,979</u>	<u>289,574</u>
-	-	150,222
-	-	104,777
-	-	45,623
-	-	28,475
-	-	2,525
<u>-</u>	<u>-</u>	<u>331,622</u>
<u>15,116</u>	<u>2,979</u>	<u>(42,048)</u>
<u>35,000</u>	<u>30,000</u>	<u>182,200</u>
<u>35,000</u>	<u>30,000</u>	<u>182,200</u>
50,116	32,979	140,152
<u>83,275</u>	<u>75,190</u>	<u>353,202</u>
<u>\$ 133,391</u>	<u>\$ 108,169</u>	<u>\$ 493,354</u>

# TITTABAWASSEE TOWNSHIP

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*COMPONENT UNIT*  
**BALANCE SHEET**  
March 31, 2008

	<b><i>Downtown Development Authority</i></b>
	<b><u>Authority</u></b>
<b>Assets:</b>	
Cash and cash equivalents	\$ 120,889
Taxes receivable	44,409
Accounts receivable - tax account	339,404
Due from primary government	<u>38,391</u>
Total assets	<u><u>\$ 543,093</u></u>
 <b>Liabilities and Fund Balance:</b>	
<b><i>Liabilities:</i></b>	
Accounts payable	\$ 14,988
Accrued expenses	366
Deferred revenue	<u>21,650</u>
Total liabilities	<u>37,004</u>
 <b><i>Fund balance:</i></b>	
Unreserved	<u>506,089</u>
Total fund balance	<u>506,089</u>
Total liabilities and fund balance	<u><u>\$ 543,093</u></u>

continued



# TITTABAWASSEE TOWNSHIP

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## COMPONENT UNIT

### BALANCE SHEET, continued

March 31, 2008

#### RECONCILIATION OF FUND BALANCE TO NET ASSETS:

**Total fund balance for the component unit** \$ 506,089

Total net assets reported for the component unit in the statement of  
of net assets is different because:

Capital assets used in governmental activities are not financial resources  
and therefore are not reported in the governmental funds.

Governmental capital assets	1,278,424	
Less accumulated depreciation	<u>(8,796)</u>	1,269,628

Certain receivables are not available to pay for current period expenditures and  
therefore are deferred in the funds.

Property taxes		21,650
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Certain liabilities are not due and payable in the current period and are not  
reported in the funds.

Accrued interest	(50,786)	
Compensated absences	<u>(1,825)</u>	(52,611)

Long-term liabilities are not due and payable in the current period and therefore  
are not reported in the fund liabilities.

	<u>(1,675,000)</u>	
<b>Net assets of the component unit</b>		<u><u>\$ 69,756</u></u>

# TITTABAWASSEE TOWNSHIP

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## COMPONENT UNIT

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE

March 31, 2008

	<u><i>Downtown Development Authority</i></u>
<b>Revenues:</b>	
Property taxes	\$ 409,775
Interest and rents	20,112
Other revenue	<u>90</u>
Total revenues	<u>429,977</u>
<b>Expenditures:</b>	
Current	
Community and economic development	103,085
Capital outlay	1,191,136
Debt service	
Principal	75,000
Interest and fees	<u>50,275</u>
Total expenditures	<u>1,419,496</u>
Excess (deficiency) of revenues over expenditures	<u>(989,519)</u>
<b>Other financing sources:</b>	
Proceeds from bond issuance	<u>1,000,000</u>
Total other financing sources	<u>1,000,000</u>
Net change in fund balance	10,481
Fund balance, beginning of year	<u>495,608</u>
Fund balance, end of year	<u>\$ 506,089</u>

continued

# TITTABAWASSEE TOWNSHIP

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## COMPONENT UNIT

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE, *continued*

March 31, 2008

#### RECONCILIATION OF CHANGE IN FUND BALANCE TO CHANGE IN NET ASSETS:

Net change in fund balance - component unit \$ 10,481

Total change in net assets reported for component unit in the statement  
of activities is different because:

Component unit fund statements report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is depreciated  
over their estimated useful lives and reported as depreciation expense.

Capital outlay	1,191,136	
Less depreciation expense	<u>(1,500)</u>	1,189,636

Revenues in the statement of activities that do not provide current financial  
resources are not reported as revenue in the funds.

Property taxes	(22,691)
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Bond proceeds are reported as other financing sources in the funds and thus  
contribute to the change in fund balance. In the statement of net assets,  
however, issuing debt increases long-term liabilities and does not affect the  
statement of activities. (1,000,000)

Some expenses reported in the statement of activities do not require the use  
of current financial resources and therefore are not reported as expenditures  
in the component unit fund statements.

Change in accrued interest payable	(28,911)	
Change in compensated absences payable	(394)	
Repayments of long-term debt	<u>75,000</u>	<u>45,695</u>

Change in net assets of governmental activities \$ 223,121

# TITTABAWASSEE TOWNSHIP

## FIDUCIARY FUNDS – AGENCY FUNDS

### COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Year Ended March 31, 2008

<b>Tax Collection Fund</b>	<b>April 1, 2007</b>	<b>Additions</b>	<b>Deductions</b>	<b>March 31, 2008</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 14,198	\$ 7,746,641	\$ 5,779,224	\$ 1,981,615
Total assets	<u>\$ 14,198</u>	<u>\$ 7,746,641</u>	<u>\$ 5,779,224</u>	<u>\$ 1,981,615</u>
<b>Liabilities:</b>				
Accounts payable	\$ 14,198	\$ 1,748,975	\$ 14,198	\$ 1,748,975
Due to other governmental units	<u>-</u>	<u>5,997,666</u>	<u>5,765,026</u>	<u>232,640</u>
Total liabilities	<u>\$ 14,198</u>	<u>\$ 7,746,641</u>	<u>\$ 5,779,224</u>	<u>\$ 1,981,615</u>
<b>Trust and Agency Fund</b>	<b>April 1, 2007</b>	<b>Additions</b>	<b>Deductions</b>	<b>March 31, 2008</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 13,779	\$ 43,300	\$ 20,224	\$ 36,855
Total assets	<u>\$ 13,779</u>	<u>\$ 43,300</u>	<u>\$ 20,224</u>	<u>\$ 36,855</u>
<b>Liabilities:</b>				
Accounts payable	\$ 391	\$ 1,219	\$ -	\$ 1,610
Due to other governmental units	<u>13,388</u>	<u>42,081</u>	<u>20,224</u>	<u>35,245</u>
Total liabilities	<u>\$ 13,779</u>	<u>\$ 43,300</u>	<u>\$ 20,224</u>	<u>\$ 36,855</u>
<b>Payroll Fund</b>	<b>April 1, 2007</b>	<b>Additions</b>	<b>Deductions</b>	<b>March 31, 2008</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 6,422	\$ 1,287,388	\$ 1,289,855	\$ 3,955
Total assets	<u>\$ 6,422</u>	<u>\$ 1,287,388</u>	<u>\$ 1,289,855</u>	<u>\$ 3,955</u>
<b>Liabilities:</b>				
Accounts payable	\$ 6,422	\$ 901,637	\$ 904,104	\$ 3,955
Due to other governmental units	<u>-</u>	<u>385,751</u>	<u>385,751</u>	<u>-</u>
Total liabilities	<u>\$ 6,422</u>	<u>\$ 1,287,388</u>	<u>\$ 1,289,855</u>	<u>\$ 3,955</u>

continued

# TITTABAWASSEE TOWNSHIP

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## FIDUCIARY FUNDS – AGENCY FUNDS

### COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES, continued

Year Ended March 31, 2008

<u>Total Agency Funds</u>	<u>April 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>March 31, 2008</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 34,399	\$ 9,077,329	\$ 7,089,303	\$ 2,022,425
Total assets	<u>\$ 34,399</u>	<u>\$ 9,077,329</u>	<u>\$ 7,089,303</u>	<u>\$ 2,022,425</u>
<b>Liabilities:</b>				
Accounts payable	\$ 21,011	\$ 2,651,831	\$ 918,302	\$ 1,754,540
Due to other governmental units	<u>13,388</u>	<u>6,425,498</u>	<u>6,171,001</u>	<u>267,885</u>
Total liabilities	<u>\$ 34,399</u>	<u>\$ 9,077,329</u>	<u>\$ 7,089,303</u>	<u>\$ 2,022,425</u>

# TITTABAWASSEE TOWNSHIP

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## GOVERNMENTAL ACTIVITIES

### SCHEDULE OF INDEBTEDNESS

March 31, 2008

#### 1999 COUNTY BOND - BISHOP TILE DRAIN

Original issue amount	\$	340,000
Less: Principal paid in prior years		(85,000)
Principal paid in current year		<u>(17,000)</u>
Balance payable at March 31, 2008	\$	<u>238,000</u>

Balance payable as follows:

<i>Fiscal</i> <i>Year Ended</i>	<i>Interest</i> <i>Rate</i>	<i>Principal due</i>	<i>Interest due</i>	<i>Interest due</i>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2009	5.75%	\$ 17,000	\$ 5,812	\$ 5,413	\$ 28,225
2010	5.75%	17,000	5,413	5,013	27,426
2011	5.75%	17,000	5,013	4,614	26,627
2012	5.75%	20,400	4,614	4,134	29,148
2013	5.75%	20,400	4,134	3,645	28,179
2014	5.75%	20,400	3,645	3,145	27,190
2015	5.75%	23,800	3,145	2,550	29,495
2016	5.75%	23,800	2,550	1,955	28,305
2017	5.75%	23,800	1,955	1,360	27,115
2018	5.75%	27,200	1,360	680	29,240
2019	5.75%	<u>27,200</u>	<u>680</u>	<u>-</u>	<u>27,880</u>
		<u>\$ 238,000</u>	<u>\$ 38,321</u>	<u>\$ 32,509</u>	<u>\$ 308,830</u>

#### 2007 FIRE TRUCK LOAN

Original issue amount	\$	163,835
Less: Principal paid in prior years		-
Principal paid in current year		<u>(28,475)</u>
Balance payable at March 31, 2008	\$	<u>135,360</u>

Balance payable as follows:

<i>Fiscal</i> <i>Year Ended</i>	<i>Interest</i> <i>Rate</i>	<i>Principal due</i>	<i>Interest due</i>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2009	3.75%	\$ 25,835	\$ 5,165	\$ 31,000
2010	3.75%	26,821	4,179	31,000
2011	3.75%	27,844	3,156	31,000
2012	3.75%	28,907	2,093	31,000
2013	3.75%	<u>25,953</u>	<u>988</u>	<u>26,941</u>
		<u>\$ 135,360</u>	<u>\$ 15,581</u>	<u>\$ 150,941</u>

# TITTABAWASSEE TOWNSHIP

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## BUSINESS-TYPE ACTIVITIES

### SCHEDULE OF INDEBTEDNESS

March 31, 2008

#### 1987 WATER REVENUE REFUNDING BONDS

Original issue amount	\$	335,000
Less: Principal paid in prior years		(155,000)
Principal paid in current year		<u>(25,000)</u>
Balance payable at March 31, 2008	\$	<u>155,000</u>

Balance payable as follows:

<i>Fiscal</i> <i>Year Ended</i>	<i>Interest</i> <i>Rate</i>	<i>Principal due</i>	<i>Interest due</i>	<i>Interest due</i>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2009	8.10%	\$ 25,000	\$ 4,378	\$ 4,378	\$ 33,756
2010	8.10%	30,000	3,672	3,672	37,344
2011	8.10%	30,000	2,825	2,825	35,650
2012	8.10%	35,000	1,977	1,977	38,954
2013	8.10%	<u>35,000</u>	<u>989</u>	<u>989</u>	<u>36,978</u>
		<u>\$ 155,000</u>	<u>\$ 13,841</u>	<u>\$ 13,841</u>	<u>\$ 182,682</u>

#### 1994 SPECIAL ASSESSMENT SEWER BONDS

Original issue amount	\$	130,000
Less: Principal paid in prior years		(120,000)
Principal paid in current year		<u>(5,000)</u>
Balance payable at March 31, 2008	\$	<u>5,000</u>

Balance payable as follows:

<i>Fiscal</i> <i>Year Ended</i>	<i>Interest</i> <i>Rate</i>	<i>Principal due</i>	<i>Interest due</i>	<i>Interest due</i>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2009	6.35%	<u>\$ 5,000</u>	<u>\$ 159</u>	<u>\$ 159</u>	<u>\$ 5,318</u>

# TITTABAWASSEE TOWNSHIP

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## BUSINESS-TYPE ACTIVITIES

### SCHEDULE OF INDEBTEDNESS

March 31, 2008

#### 1989 COUNTY BOND - WATER SUPPLY SYSTEM EXTENSION NO. 2

Original issue amount	\$	575,000
Less:		
Principal paid in prior years		(425,000)
Principal paid in current year		<u>(50,000)</u>
Balance payable at March 31, 2008	\$	<u>100,000</u>

Balance payable as follows:

<i><u>Fiscal</u></i> <i><u>Year Ended</u></i>	<i><u>Interest</u></i> <i><u>Rate</u></i>	<i><u>Principal due</u></i>	<i><u>Interest due</u></i>	<i><u>Interest due</u></i>	<i><u>Total</u></i> <i><u>Annual</u></i> <i><u>Requirement</u></i>
2009	7.00%	\$ 50,000	\$ 3,500	\$ 1,750	\$ 55,250
2010	7.00%	<u>50,000</u>	<u>1,750</u>	<u>-</u>	<u>51,750</u>
		<u>\$ 100,000</u>	<u>\$ 5,250</u>	<u>\$ 1,750</u>	<u>\$ 107,000</u>



# TITTABAWASSEE TOWNSHIP

## COMPONENT UNIT

### SCHEDULE OF INDEBTEDNESS

March 31, 2008

#### 1994 DOWNTOWN DEVELOPMENT BONDS

Original issue amount	\$	1,105,000
Less: Principal paid in prior years	(355,000)	
Principal paid in current year	<u>(75,000)</u>	
Balance payable at March 31, 2008	\$	<u>675,000</u>

Balance payable as follows:

<i>Fiscal</i> <i>Year Ended</i>	<i>Interest</i> <i>Rate</i>	<i>Principal due</i>	<i>Interest due</i>	<i>Interest due</i>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2009	7.00%	\$ 75,000	\$ 23,625	\$ 21,000	\$ 119,625
2010	7.00%	100,000	21,000	17,500	138,500
2011	7.00%	100,000	17,500	14,000	131,500
2012	7.00%	100,000	14,000	10,500	124,500
2013	7.00%	100,000	10,500	7,000	117,500
2014	7.00%	100,000	7,000	3,500	110,500
2015	7.00%	<u>100,000</u>	<u>3,500</u>	<u>-</u>	<u>103,500</u>
		\$ <u>675,000</u>	\$ <u>97,125</u>	\$ <u>73,500</u>	\$ <u>845,625</u>

#### 2007 GENERAL OBLIGATION LIMITED TAX DEVELOPMENT BONDS, SERIES A

Original issue amount	\$	1,000,000
Less: Principal paid in prior years	-	
Principal paid in current year	<u>-</u>	
Balance payable at March 31, 2008	\$	<u>1,000,000</u>

Balance payable as follows:

<i>Fiscal</i> <i>Year Ended</i>	<i>Interest</i> <i>Rate</i>	<i>Principal due</i>	<i>Interest due</i>	<i>Interest due</i>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2009	4.10%	\$ -	\$ 30,782	\$ 21,729	\$ 52,511
2010	4.10%	75,000	21,729	20,191	116,920
2011	4.15%	85,000	20,191	18,428	123,619
2012	4.20%	90,000	18,428	16,537	124,965
2013	4.25%	95,000	16,538	14,518	126,056
2014	4.30%	95,000	14,519	12,476	121,995
2015	4.35%	100,000	12,476	10,301	122,777
2016	4.40%	105,000	10,301	7,991	123,292
2017	4.45%	110,000	7,991	5,544	123,535
2018	4.50%	120,000	5,544	2,844	128,388
2019	4.55%	<u>125,000</u>	<u>2,844</u>	<u>-</u>	<u>127,844</u>
		\$ <u>1,000,000</u>	\$ <u>161,343</u>	\$ <u>130,559</u>	\$ <u>1,291,902</u>



## **REQUIRED COMMUNICATION TO TITTABAWASSEE TOWNSHIP IN ACCORDANCE WITH PROFESSIONAL STANDARDS**

To the Township Board  
Tittabawassee Township

We have audited the financial statements of the governmental activities, the business-type activities, the component unit, each major fund, and the aggregate remaining fund information of Tittabawassee Township for the year ended March 31, 2008, and have issued our report thereon dated August 21, 2008. Professional standards require that we provide you with the following information related to our audit.

### **Our Responsibility Under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter dated April 9, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter.

### **Significant Accounting Policies**

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Tittabawassee Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

### **Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates may be particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates affecting the financial statements.

**Disclosures**

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures may be particularly sensitive because of their significance to financial statement users.

**Difficulties Encountered in Performing the Audit**

We encountered no difficulties in performing and completing our audit.

**Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements, if any.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

**Management Representations**

We have requested certain representations from management that are included in the management representation letter dated August 21, 2008.

**Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Discussions with Management**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Internal Control Matters**

In planning and performing our audit of the financial statements of Tittabawassee Township as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Tittabawassee Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control. Accordingly, we do not express an opinion on the effectiveness of the Municipality's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Municipality's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that misstatement of the Municipality's financial statements that is more than inconsequential will not be prevented or detected by the Municipality's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Municipality's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined above.

Deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above, follow:

Recording, Processing and Summarizing Accounting Data

Criteria: All governmental units are required to have in place internal controls over recording, processing, summarizing accounting data and preparing financial statements. SAS No. 112 requires us to communicate with you about this.

Conditions: As is the case with many smaller and medium-sized entities, the government has historically relied on its independent external auditors to assist in the recording, processing, summarizing accounting data and preparing financial statements as part of its external financial reporting process. Accordingly, the government has placed reliance on its external auditors, who cannot by definition be considered a part of the government's internal controls.

Cause: This condition was caused by the government's decision that it is more cost effective to have external auditors recommend the necessary adjusting journal entries to its general ledger and prepare the financial statements than to incur the time and expense for the government to perform these tasks internally.

Effect: As a result of this condition, the government lacks internal controls over the recording, processing, summarizing accounting data and preparing financial statements, and instead relied, in part, on its external auditors for assistance with this task.

View of Responsible Officials: The government has evaluated the cost versus benefit of establishing internal controls over the recording, processing, summarizing accounting data and preparing financial statements, and determined that it is in the best interests of the government to rely on its external auditors to recommend the necessary adjustments and preparation of the financial statements.

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This communication is intended solely for the information and use of management, Township Board, and others within the Municipality, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*Berthiaume & Co.*

Berthiaume & Company  
Certified Public Accountants  
Saginaw, Michigan

August 21, 2008